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FISCAL IMPACT STATEMENT

LS 6783

BILL NUMBER: SB 468

NOTE PREPARED: Dec 20, 2002

BILL AMENDED:

SUBJECT: Group Insurance for Township Employees.

FIRST AUTHOR: Sen. Young R Michael

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: Local

Summary of Legislation: This bill allows a township to elect to provide coverage for township employees under a group insurance program offered to county employees by the county in which the township is located.

Effective Date: July 1, 2003.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *County Impact:* The decision to join a county group health plan would be optional for townships. There are 1,008 townships in Indiana. A township that chooses to participate in a group health program established for county employees may affect the county health plan premium prices depending on the township employees' health claims histories. The bill requires the township to pay any additional cost to the county as a result of providing the county group insurance program to township employees. However, given recent health care cost increases, it may be difficult to segregate cost due to enrollment of township employees from other factors. Thus, it is unclear as to how accurately the relative share of expenditures could be determined due to inclusion of township employees. In addition, there could also be an increase in cost to a county if the county chooses to pay the employer's share of the premium for township employees.

Township Impact: The bill requires that a township electing to join a county group insurance program and the township employees insured under the county group insurance program are to pay the same total

insurance premium that is charged for each insured county employee. Additionally, electing townships and township employees insured under the county group insurance must pay any additional cost to a county as a result of providing a county group insurance program to township employees.

According to the bill, a county may also elect to pay the public employer's share of the premium to township employees. However, townships electing to join a county group insurance program may face increased expenditures to pay for additional costs incurred by a county to place a township's employees in a county's group insurance program. Any additional costs would be accrued to an electing township, regardless of a county electing to pay the employer's share of premiums for an electing township's employees. However, given recent health care cost increases, it may be difficult to segregate cost due to enrollment of township employees from other factors.

Townships may realize some savings through a reduction in the employer's share of premium costs as well as a reduction in the administration of the employees' health plan if they elect to join the county's group health plan. However, depending upon the level of benefits offered, a county health plan may be more expensive than a township plan and the township would incur additional expenses. These savings or costs are dependent on local action and would vary among townships.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Townships; Counties.

Information Sources:

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